IN THE

Supreme Court of the United States

FILED
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CHARLES ELMORE CROPLEY

OCTOBER TERM, 1945.

No. 1105

ALMON A. HEATH,

Petitioner,

vs.

HENRY G. FRANKEL and L. V. FRANKEL,

Respondents.

Petition for Writ of Certiorari to the United States Circuit Court of Appeals for the Ninth Judicial Circuit and Brief in Support Thereof.

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Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH JUDICIAL CIRCUIT.

To the Honorable the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Almon A. Heath, prays that a writ of certiorari issue to review the judgment of the Circuit Court of Appeals for the Ninth Circuit filed and entered on January 15, 1946 [R. 1067], affirming judgment of the United States District Court, Southern District of California, Central Division, entered July 12, 1944 [R. 72], holding invalid United States Letters Patent 1,989,922 [R. 781] and certain claims of Patent 2,203,280 [R. 787].

The opinion of the Circuit Court of Appeals [R. 1062] appears at ..... F. (2d) .....

Petitioner (plaintiff-appellant below) petitioned for a rehearing, which was denied on February 26, 1946 [R. 1068].

Jurisdiction.

The jurisdiction of this court is invoked under Section 240(a) of the Judicial Code as amended by the Act of February 13, 1935; also Act of March 8, 1934, Title 28, U. S. C. A. 347.

Statement.

Petitioner's bill of complaint below [R. 2] charged infringement of said Letters Patents and respondents' answer [R. 6] alleged affirmatively that the patents were invalid because of prior knowledge and use and lack of patentable novelty.

In presenting said affirmative defense, respondents perpetrated a flagrant fraud upon the court and upon petitioner by introducing fabricated documentary evidence purporting to prove the defense. The court found:

> "That Exhibits Y and Z were fabricated by defendants for the purpose of perpetrating fraud upon the plaintiff and this Court." [Finding 24, R. 69.]

Reasons Relied on for the Allowance of the Writ.

It is petitioner's contention that, in holding that respondents were not estopped, by virtue of their fraud and unclean hands, to challenge affirmatively validity of the patents in suit, the Circuit Court of Appeals failed to follow the doctrine stated by this court in *Hazel-Atlas v. Hartford Empire Glass Co.*, 322 U. S. 328, and *Precision Instrument & Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 86, and thus not only decided an important federal question in a way probably in conflict with applicable decisions of this court, but denied petitioner equal protection of the laws, and also exceeded its jurisdiction.

Question Presented by This Petition.

The following question is presented by this petition:

Is not a defendant in a patent infringement suit, who fraudulently comes into court with fabricated evidence designed to establish an affirmative defense of invalidity, estopped to be heard in any affirmative respect, to the same extent that a plaintiff-patentee who has fraudulently obtained or unlawfully used his patent is estopped to be heard; and, in such case, should not the presumption of validity flowing from the patent grant prevail?

Wherefore, it is respectfully submitted that this petition for a writ of certiorari should be granted.

Dated: April 2, 1946.

COLLINS MASON,
Attorney for Petitioner.

Certificate of Counsel.

I hereby certify that I am counsel for the petitioner in the above-entitled cause and that in my judgment the foregoing petition is well founded and not interposed for delay.

COLLINS MASON.

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BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Opinions and Judgment Below.

The date of the judgment of the trial court was July 12, 1944. The opinion of the Circuit Court of Appeals was rendered and filed January 15, 1946 [R. 1062; ..... F. (2d) .....].

The judgment of the Circuit Court of Appeals was entered January 15, 1946 [R. 1067].

The petition for rehearing was denied, without opinion, on February 26, 1946 [R. 1068].

Jurisdiction.

The statute under which jurisdiction of this Honorable Court is invoked is Section 240 of the Judicial Code, as amended (28 U. S. C. A. 347). The grounds relied upon for invoking this jurisdiction are that, in holding that respondents were not estopped by virtue of their fraud and unclean hands to be heard affirmatively, the Circuit Court of Appeals failed to follow the doctrine stated by this court in *Hazel-Atlas v. Hartford Empire Glass Co.*, 322 U. S. 328 (hereinafter called *Hazel-Atlas*), and *Precision Instrument & Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 86 (hereinafter called *Precision Instrument*), and thus not only decided an important federal question in a way probably in conflict with applicable decisions of this court, but also denied petitioner equal protection of the laws and exceeded its jurisdiction.

Statement of the Case.

Petitioner has made only a beneficial and lawful public use of his patented inventions, having both made and sold the patented product himself and licensed others to do so.

Patent 1,989,922 [R. 781] solved an old problem which had theretofore rendered it practically impossible for any but the highly skilled to cut a mimeograph stencil with a pointed stylus without tearing or seriously weakening the stencil. The patent provided a composite stencil which even the inexpert and amateur could use for pointed stylus work without tearing or weakening the stencil.

Patent 2,203,280 [R. 787] solved a long-existing problem which had theretofore rendered it extremely difficult to cut a mimeograph stencil with a typewriter without the closed or loop letters punching holes in the stencil. The patented composite stencil eliminated this danger.

The evidentiary documents which respondents were found to have fabricated were their Exhibits Y and Z [R. 878], offered to prove their affirmative defense of prior knowledge and use and of lack of patentable novelty. Thus respondents' fraud seriously tainted their entire case.

While the court below rejected those specific evidentiary documents, they proceeded to hear and give full credence to everything else offered by respondents to support their affirmative defense of invalidity.

Specification of Errors.

1. The courts below erred in improperly limiting the estoppel, arising out of respondents' fraud and unclean hands, to the precise evidence shown to have been fabricated and in not denying to respondents the right to be heard affirmatively in any respect, as would appear to be the intent and logical application of the doctrine applied by the court in the *Hazel-Atlas* and *Precision Instrument* cases.

2. In refusing to allow petitioner the benefits of the rule applied in the *Hazel-Atlas* and *Precision Instrument* cases, the Circuit Court of Appeals denied to petitioner equal resort to and protection of the law.

3. In proceeding to hold the patent invalid despite the fact that respondents were estopped by their fraud to challenge validity, the Circuit Court of Appeals rendered judgment upon a matter not properly in issue and thus exceeded its jurisdiction.

4. In view of the estoppel against respondents arising out of their fraud, the Circuit Court of Appeals erred in not confining the issues to whether or not respondents infringed the patents in suit, which was not an affirmative defense.

ARGUMENT.

The Doctrine of the Hazel-Atlas and Precision Instrument Cases Is Applicable Against a Fraudulent Defendant Seeking to Be Heard Affirmatively to the Same Extent That It Is Applicable to a Fraudulent Plaintiff.

While it is true that, in the *Hazel-Atlas* and *Precision Instrument* cases, the estoppel was applied against a patentee-plaintiff, those decisions contain no indication of any purpose to confine the doctrine to *patentees*. In fact, *to deny a patentee-plaintiff the right to invoke the same rule against a fraudulent defendant seeking affirmative relief, would amount to denying a patentee equal resort to and protection of the law.*

It must follow then, as a corollary, that petitioner is entitled to invoke the rule which this court allowed the defendants to invoke in the *Hazel-Atlas* and *Precision Instrument* cases. That being so, respondents' right to assert *any affirmative* defense was totally precluded by their fraud.

The specific fraud committed by respondents was in connection with their attempt to assert their affirmative defense, and the entire defense must be denied them. Validity having thus ceased to be an issue, it is submitted that the court was without jurisdiction to proceed to hold the patents invalid.

The effect of the decision below is to place a premium upon fraud and deceit.

In perpetrating a fraud upon the court, respondents committed a wrong against the institutions set up to safeguard and protect the rights of the public. As stated in the *Hazel-Atlas* case, such fraud

> ". . . cannot complacently be tolerated consistently with the good order of society."

this court there going on to hold that nothing short of complete denial of affirmative relief to the perpetrator of the fraud is proper.

In the later *Precision Instrument* case, this court used even stronger language in discussing the maxim that "he who comes into equity must come with clean hands," saying:

> "This maxim is far more than a mere banality. *It is a self-imposed ordinance that closes the doors of a court of equity to one tainted with inequitableness or bad faith relative to the matter in which he seeks relief.* . . . That doctrine is rooted in the historical concept of a court of equity as a vehicle for affirmatively enforcing the requirements of conscience and good faith. This presupposes a refusal on its part to be the 'abettor of iniquity.' . . . Thus while equity does not demand that its suitors shall have led blameless lives . . . as to other matters, it does require that they shall have acted fairly and without fraud or deceit as to the controversy in issue." (Emphasis added.)

A Patent Suit Is an Action in Personam and the Courts Are Without Jurisdiction to Hold a Patent Invalid if the Defendant Fails or Is Estopped to Assert Such an Affirmative Defense.

This being an action *in personam,* the issues of course are only those which the parties raise and are not estopped to assert. While all patents are imbued with some public interest, this public interest is not all adverse to the patent grant. The Constitution views patents as being in the public interest if they advance or improve the arts and sciences even to a small extent and are not used illegally. One patented invention may involve more inventive genius than another, but under the law that is no basis for invalidating the one involving the lesser genius, and no duty rests on a court to go beyond the validity raised issues and seek out a reason for holding a patent invalid. The public will derive its unrestricted benefits from the teachings of the patent when its limited term expires. Meanwhile, the patentee—the one who went to the trouble and expense of originating, developing and disclosing to the world the invention—is entitled to the limited benefits assured to him by the Constitution. Petitioner respectfully mentions this fact because the opinion of the Circuit Court of Appeals for the Ninth Circuit in this case appears to assume that the court had a burden of invalidating the patent grants, which burden outweighed the court's duty to apply the presumptions and estoppel flowing from fraudulent evidence and the presumptions of validity flowing from the patent grants.

If petitioner's contention is correct, that respondents' fraud estopped them to be heard affirmatively, then validity, *which is legally presumed,* ceased to be an issue. It is submitted that the only thing remaining for the court to do, then, was to apply the legal presumption of validity flowing from the patent grants and then to pass upon the sole remaining issue of infringement which was the only defense not precluded by respondents' fraud.

It is submitted that, since respondents were estopped to assert affirmatively that the patents in suit were invalid, the presumptions of validity attending their grants should prevail, at least until some one not estopped to do so comes into court with clean hands and proves them to be otherwise by legitimate evidence. This appears to be the only logical application of the doctrine applied in the *Hazel-Atlas* and *Precision Instrument* cases, as well as in *United States v. Bell Telephone Co.,* 128 U. S. 315.

Wherefore, petitioner prays that the writ be granted.

COLLINS MASON,
Attorney for Petitioner.

Service of the within and receipt of a copy thereof is hereby admitted this.....day of April, A. D. 1946.

_____

_____

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MAY 8 1946
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CLERK

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RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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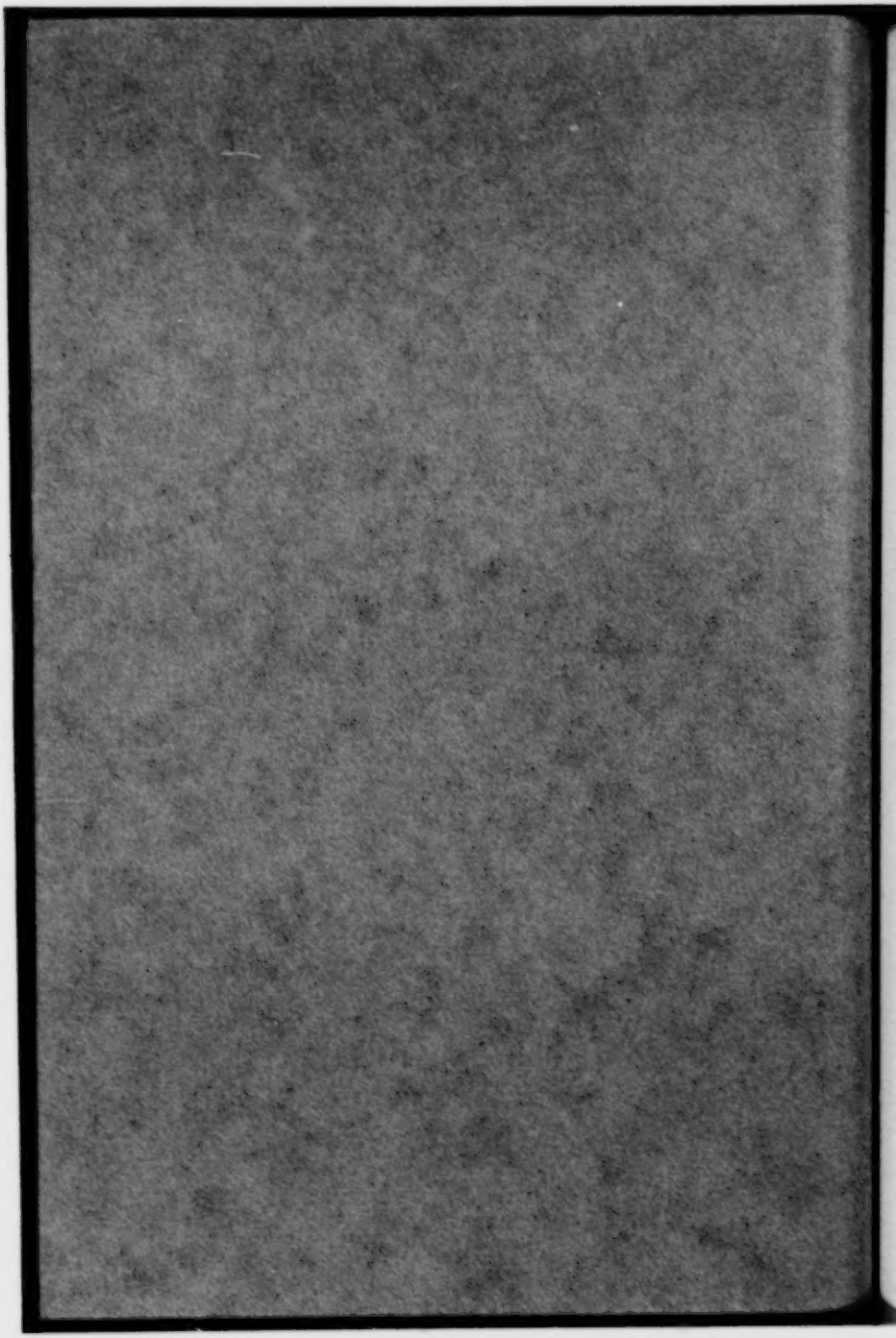

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RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

This case is before this Court on petition for a writ of certiorari to the United States Circuit Court of Appeals for the Ninth Circuit to review a decree of the Circuit Court of Appeals [R. 1067] affirming a judgment [R. 72-75] of the United States District Court for the Southern District of California, Central Division, adjudging Patent No. 1,989,922 and Claims 1 to 10, inclusive, 12, 13, 15, 18 and 19 of Patent No. 2,203,280 invalid and void for want of patentable novelty and invention [R. 67-69; Findings of Fact 11-23].

The oral opinion of the District Court is found at R. 53-56; its Findings of Fact and Conclusions of Law, at R. 65-71; the opinion of the Court of Appeals, at R. 1062-1065, reported in 153 F. (2d) 369.

We submit that this case presents no reason or ground for the grant of certiorari such as is required by Rule 38, subdivision 5, of this Court. No court has sustained any of the patent claims in suit; there is no conflict of decision with respect to the validity of such claims. This Court has uniformly indicated that it will not review concurrent findings of invalidity for want of invention in the absence of any conflicting decision sustaining validity of the claims. In affirming the findings of the trial court that the claims in suit did not involve more than the exercise of ordinary mechanical skill and knowledge and did not require invention, the Circuit Court of Appeals followed and expressly applied the decision of this Court in *Sinclair & Carroll Co. v. Interchemical Corp.*, 89 L. Ed. 1099, and the opinion of the Sixth Circuit Court of Appeals in *Wolverine Fab. & Mfg. Co. v. Detroit Gasket & Mfg. Co.*, 148 F. (2d) 399. The decisions below are not in conflict with the opinions of this Court in *Hazel-Atlas v. Hartford Empire Glass Co.*, 322 U. S. 328, or *Precision Instrument & Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806.

The petition herein does not seek a review of any of these Findings of Fact or Conclusions of Law respecting the invalidity of said patent claims.

We restate the case only in so far as is necessary to correct inaccuracies and omissions in petitioner's statement with respect to the sole question (Pet. p. 3) for the review of which certiorari is sought.

Statement of the Case.

Petitioner in his original complaint alleged ownership and the grant to him of Patent No. 2,203,280 and infringement thereof by respondents [R. 2-6]. Only the claims adjudged by the District Court and the Court of Appeals invalid, were alleged infringed. Respondents' answer [R. 10-14] denied validity or infringement of Patent No. 2,203,280. Respondent Henry G. Frankel also served and filed his "Counter Claim for Unfair Competition and Cross-Complaint for Declaratory Relief Respecting Letters Patent Nos. 1,989,922 and 2,203,280" [R. 15-30], bringing in as a cross-defendant thereto Milo Harding Co., Ltd., alleging an actual controversy between petitioner and Milo Harding Co., Ltd., and respondent Frankel [R. 16-20] respecting the invalidity of such patents [R. 20-25], denying infringement [R. 25], and alleging unfair competition of petitioner and Milo Harding Co., Ltd. Judgment of invalidity of the patents was prayed, together with an injunction and damages [R. 27-9]. Respondents' answer to the original complaint denied that petitioner was the original and first inventor of anything patented in Patent No. 2,203,280; that the claimed invention had been described in sundry printed publications; and that it had been known and used by sundry persons, including respondent Henry G. Frankel [R. 9-12]. Respondent Henry G. Frankel's counterclaim and cross-complaint similarly alleged the invalidity of Patent No. 1,989,922 for the same reasons [R. 20-23], including the allegation

of prior knowledge and use by respondent Henry G. Frankel.

In making its Findings of Fact or Conclusions of Law respecting the invalidity of the patents, the District Court did not rely upon any of the matters, testimony, or exhibits offered with respect to the allegation of prior knowledge and public use by respondent Henry G. Frankel of the patented invention. The facts found by the District Court and affirmed by the Court of Appeals were proven by the testimony of witnesses having no connection with respondents and by documents and printed publications produced by them.

The District Court said [R. 54]:

> "Referring now to the counterclaim, and to the issue of unfair competition, the court finds in favor of the cross-defendants.
>
> "It is with great regret that the court reached the conclusion—but it was compelled to—that these defendants have come here with unclean hands. I am thoroughly in accord with that position, which has been contended for by the cross-defendants, because of the testimony of Mr. Buys, the expert, which I think conclusively shows that Exhibits Y and Z were fabricated, and under such circumstances, in the opinion of this court, the counterclaimants may not recover."

Therefore the District Court awarded judgment against respondent H. G. Frankel for five hundred dollars ($500) for "the necessary costs and disbursements incurred by

plaintiff in connection with the hiring of plaintiff's handwriting expert, * * *" [R. 74].

No fact creating any estoppel against respondents was presented to or found by the District Court.

Argument.

(a) In view of the concurrent findings of the courts below that the claims in suit are invalid for want of invention, and in the absence of any conflict of decision, this is clearly not a proper case for the grant of a writ of certiorari. This Court has recently announced that it will not disturb concurrent findings as to the validity of patent claims where there is evidence to support them and no conflict of decision. (*Williams Mfg. Co. v. United Shoe Machinery Corp.*, 316 U. S. 364, 367; *General Talking Pictures Corp. v. Western Elec. Co.*, 304 U. S. 175; *Tennessee Coal I. & R. Co. v. Muscoda Local No. 123*, 321 U. S. 590).

(b) The case does not present any question of estoppel. This Court has never decided that, because of inequitable conduct or unclean hands, the Court should enter judgment against such defendant that an invalid patent is valid. Neither *Hazel-Atlas v. Hartford Empire Glass Co.* nor *Precision Instrument & Mfg. Co. v. Automotive Maintenance Machinery Co.* involved any such question.

The issue of patent validity was of paramount public interest. It was decided by the courts below upon unimpeached proofs. A review of such decisions is not

here sought by the petitioner. As said by the court in *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co., supra*:

> "In the instant case Automotive has sought to enforce several patents and related contracts. Clearly these are matters concerning far more than the interests of the adverse parties. The possession and assertion of patent rights are 'issues of great moment to the public.' Hazel-Atlas Glass Co. v. Harford-Empire Co., 322 U. S. 238, 246 (61 USPQ 241, 245). See also Mercoid Corp. v. Mid-Continent Investment Co., 320 U. S. 661, 665 (60 USPQ 21, 24); Morton Salt Co. v. Suppiger Co., *supra*; United States v. Masonite Corp., 316 U. S. 265, 278 (53 USPQ 396, 402). A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the 'Progress of Science and Useful Arts.' At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope. The facts of this case must accordingly be measured by both public and private standards of equity. And when such measurements are made, it becomes clear that the District Court's action in dismissing the complaints and counterclaims 'for want of equity' was more than justified."

Admittedly the question (patent validity) of paramount public interest was correctly decided and adjudged. The petitioner herein does not contend or urge otherwise.

We submit that this case does not present any sufficient reason for the grant of a writ of certiorari within the rulings and practice of this Court. It presents no disputed proposition of patent law, and the decisions below do not conflict with any applicable decision of this Court.

Respectfully submitted,

FREDERICK S. LYON,

LEWIS E. LYON,

Attorneys for Respondents.